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**GOVERNOR SCHWARZENEGGER ANNOUNCES PHASE II OF HIS INITIATIVE TO END
CHRONIC HOMELESSNESS**

Building supportive housing for Californians with mental illness

SACRAMENTO – Governor Schwarzenegger released plans today to leverage up to \$75 million per year in funding from the Mental Health Services Act (MHSA) – also known as Proposition 63 – to build supportive housing for homeless Californians with mental illness and their families. Over time, these funds will be leveraged to secure an estimated \$4.5 billion to build more than 10,000 units.

“This is an exciting, innovative and creative way to address the state’s homeless problem, and an excellent example of how a public/private partnership should work,” said Stephen W. Mayberg, Ph.D., director of the state Department of Mental Health (DMH). “There is a demonstrated connection between mental illness and homelessness, and housing has proven to be an effective means of transitioning chronically mentally ill individuals into productive lives. The Governor’s Initiative will open new doors to help reverse the problem of chronic homelessness.”

Last year, the Governor introduced his Initiative to End Chronic Homelessness with an initial investment of more than \$50 million to create 400 to 500 units of permanent housing with supportive services for the chronically homeless mentally ill population. The May proposal builds upon the Governor’s Initiative.

The plan calls for MHSA funds to be leveraged with other sources, including tax credits, local government affordable housing funds, below-market rate financing from the California Housing Finance Agency (CalHFA) and philanthropic funds.

DMH, CalHFA and the Department of Housing and Community Development (HCD) will collaborate to finance the construction of the supportive housing. Counties will provide the supportive services necessary to maintain the individuals in their homes.

In California today, one in five individuals will experience mental illness. Thousands of suffering people with untreated severe mental illness remain on the street. Studies estimate that approximately 1 million to 2 million Californians are homeless at some point during each year.

Proposition 63 passed in November 2004 and imposed a 1 percent tax on incomes above \$1 million to provide funding for the creation and expansion of mental health services and programs. The MHSA is expected to generate about \$750 million per year.